Coburn Amendment #2059—To Allow the USPS to Make Decisions about Post Office and Facility Closures

The Postal Service Has Far More Facilities Than It Needs.

The Postal Service is on track to lose more than \$13 billion dollars this year. That means the USPS is losing more than \$35 million dollars *per day*.

The USPS is on track to lose \$21 billion annually by 2016, according to the Postmaster General, if no changes are made.

As of 2008, the Postal Service had more than 36,000 facilities.¹

The next year, 2009, USPS announced that it would like to close more than 3,100 "stations and branches" – these are like mini-post offices.

Following a public outcry, the proposal was reduced to fewer than 400.2

More recently, the Postal Service has proposed closing down more than 250 of its processing centers.³ That plan would save the USPS as much as \$4 billion annually.

Last week, GAO reported that the USPS has approximately 50 percent excess capacity in its processing centers.

One of the processing centers due to close is in Tulsa, Oklahoma. None of us wants to see these facilities close down and jobs affected. But we all must recognize that the USPS needs to reduce its costs. If this bill becomes law, the USPS will be prevented from closing a majority of those processing centers.

¹ http://www.fas.org/sgp/crs/misc/R40719.pdf

² http://www.apwu.org/issues-consolidation/station-branch_closures-about.htm

³ http://news.blogs.cnn.com/2011/09/15/could-your-post-office-be-in-danger-of-closing/

The Postal Service Needs Flexibility to Shut Down Facilities.

With mail volume projected to decline even more in the future, the USPS's losses will continue and even increase if the USPS isn't allowed to make structural changes to its business model and operations.

Unfortunately, S. 1789 would restrict the ability of the USPS to close facilities that are hurting its business model.

Amendment #2059 is drawn from language from Senator Carper's postal reform bill (S.1010). It would strengthen the US Postal Service's ability to achieve cost savings by closing post offices and facilities.

This amendment does this by reiterating the USPS's authority under current law to close post offices and facilities.

Closing USPS Facilities Does Not Require Reducing Access to Post Office Services

Many people are reasonably concerned about whether their access to postal services will be reduced if their local post office is closed.

But the Postal Service can avoid any reduction in service by allowing postal employees to co-locate in other businesses.

For much of American history, postal services were provided by local businesses like the old general store.

The Postal Service is already succeeding in co-locating postal services in businesses around the country.⁴ We can close postal facilities—and allow the USPS to reduce its costs—while still providing customers access to postal services.

⁴ http://www.nytimes.com/2012/03/22/us/to-cut-costs-post-office-offers-services-at-groceries.html

Coburn Amendment #2058— To Amend the Service Standard Requirement to Encourage the Co-Location of Post Offices in Businesses

<u>Co-locating Postal Facilities in Stores Improves Access to Postal Services</u>

According to the Postmaster General, the Postal Service on track to lose \$21 billion per year by 2016.

85 percent of USPS Post Offices do not generate enough revenue to cover their expenses.

The Postmaster General needs to close many unnecessary postal facilities to reduce the USPS's costs.

Closing Post Offices Should Not Decrease Customers' Access to Postal Services

Co-locating postal services in stores—like supermarkets, pharmacies, and Wal-Marts—can ensure that people still have access to the postal services that they need.

The US Postal Service is already successfully co-locating postal services in stores.

Amendment #2058 would revise the new "service standard" that is created by this bill to ensure that that Postal Regulatory Commission consider how USPS employees and services can be co-located in stores or businesses to provide access to postal services.

This approach is a win-win for the USPS and its customers. It will allow the USPS to downsize its facilities and reduce its costs, while ensuring that customers continue to have access to the postal services that they need.

Coburn Amendment #2060: To provide transparency, accountability, and limitations of government sponsored conferences.

Government-wide spending on conferences and junkets for federal employees are an area of Washington's endless spending spree in dire need of reform.

There is no better evidence for this than the recent reports of excessive, lavish, and even fraudulent conference spending by the General Services Administration (GSA).

Just this month the GSA Inspector General (IG) released a scathing report detailing the waste and even criminal allegations from spending for a 2010 Las Vegas costing taxpayers nearly \$823,000, including a \$2,000 party in the hotel suite of GSA's public buildings service chief. Their report resulted in the resignation and firing of several top GSA officials, and even this week congressional committee are holding hearings to further investigate this blatant misuse of federal funds.

The federal government spent at least \$2 billion on conferences between 2000 and 2006.⁵

Even this conservative estimate on government wide conference spending is simply unacceptable given our current fiscal crisis.

Even more so when it remains impossible to track conference expenditures online, and in light of reports like that of the GSA, which make it clear many times these conferences have little to do with work training or agency improvement and more closely resemble vacations for federal employees, charged to taxpayers.

This amendment would provide a first step in comprehensive conference spending and transparency reform by scaling back overall conference spending, establishing attendance limitations to protect from excessive and unnecessary travel, and require full online transparency of all conference spending. These reforms could save more than \$65 million every year.

⁵ David Fredosso, *The Washington Examiner, —Government Conference Spending Gone Wild!* , *August 25, 2009,* http://washingtonexaminer.com/blogs/beltway-confidential/2009/08/government-conference-spending-gone-wild.

Amendment Summary

This amendment would require a quarterly summary posted on the agency's website of each conference supported or attended by an agency in the preceding 3 months, including:

- An explanation how the conference advanced the mission of the agency;
- Total cost of attendance and support for the conference;
- Primary sponsor of the conference;
- Location of the conference;
- A justification of the location including cost efficiency of the location;
- The dates; and
- The number and a listing by title of agency and non-federal employees whose attendance at the conference was paid for by the agency.

The amendment would require the posting on the agency's website of minutes, presentations, exhibits and recordings from the conference.

Amendment #2060 establishes a basic set of requirements for conference spending, including the following:

- Reduces the amount an agency can spend on conferences to 80 percent of the amount spent in 2010.
- Caps amount that can be spent on a single conference at \$500,000 (unless the agency is the primary sponsor).
- Allows non-federal foundations and sources to provide financial support for a conference, but requires a listing of such sponsors and a certification that there is no conflict of interest resulting from support received from each.
- Prohibits sponsoring more than one conference per year per organization.
- Limits to 50 the number of employees from a single agency traveling to an international conference.

The General Services Administration spent more than \$820,000 on a Las Vegas Conference, resulting in a criminal investigation and waste of taxpayer funding.

Just this month, lavish spending and excessive spending on conferences at the General Services Administration (GSA) was exposed by the GSA Inspector General, resulting in the resignation and firing of top GSA officials.

The IG's scathing report details the waste and even criminal allegations from spending for a 2010 Las Vegas conference attended by 300 individuals, sponsored by the GSA and costing taxpayers nearly \$823,000, including a \$2,000 party in the hotel suite of GSA's public buildings service chief.

Not only did the GSA frivolously spend taxpayer money, but the IG report details that much of the conference spending was actually prohibited in current law.

For example, spending on meals and refreshments exceeded per diem limits, including \$44 per person on breakfast, and close to \$95 per individual for the final reception and dinner.

Even more, the Inspector General's findings have even resulted in a criminal investigation by the Department of Justice (DOJ). The excess conference spending included the purchase numerous electronic devices, such as iPads, meant to be prizes at the event. However, according to the IG, more than 100 electronic devices are missing, and the DOJ is investing possible bribery and fraud.

According to the IG report, "GSA spending on conference planning was excessive, wasteful, and in some cases impermissible. To select a venue and plan the conference, GSA employees conducted two "scouting trips," five off-site planning meetings, and a "dry run." Travel expenses for conference planning totaled \$100,405.37, and catering costs totaled over \$30,000. GSA spent money on refreshment breaks during the planning meetings, which it had no authority to do, and the cost of catered meals at those meetings exceeded per diem limits."

The IG report also reveals GSA used highly inappropriate and unethical practices in planning the conference, including the following

- Disclosed a competitor's proposal price to a favored contractor;
- Awarded a \$58,000 contract to a large business in violation of smallbusiness set-asides;
- Promised the hotel an additional \$41,480 in catering charges in exchange for the "concession" of the hotel honoring the government's lodging cost limit;
- Provided free rooms to contractor's employees even though the contract cost included lodging; and
- Disclosed to the team-building contractor the agency's maximum budget for one day of training, then agreeing to pay the contractor that amount (\$75,000).

Other "impermissible and questionable miscellaneous expenses," as described in the report, included "mementos for attendees, purchases of clothing for GSA employees, and tuxedo rentals."

Questionable Travel Spending by the United State Postal Service

Despite its troubled financial situation, the Postal Service has also come under fire for excessive travel and conference costs, refusing to cut back even in a budget crunch.

In February, the Financial Times reported that the Postal Regulatory Commission Chairman Ruth Goldway, has taken 34 trips, costing taxpayers almost \$71,000, during her time as Chairman. According to the article, "Of the 34 trips listed in commission records, 11 involved overseas postal events in Switzerland, Portugal and other countries. Closer to home, Goldway participated in numerous commission field hearings and mailing industry conferences."

Goldway also used taxpayer funding to pay for two trips to New York, one to speak at a conference on nanotechnology and one to attend a business meeting on promotion the use of electric cars.

Excess and Waste in Conference Spending is Not New

From USDA employees attending conferences at spa resorts in Hawaii and attending martni and cigar receptions to \$4 meatballs and \$16 muffins at Department of Justice conferences, excessively wasteful spending of taxpayer funding at agency conference is nothing new.

Yet, Congress continues to ignore the problem, and has failed to implement government-wide reforms or transparency requirements.

The recent GSA scandal is only the latest example of out of control federal spending on conferences by agencies that refuse to scale back, and condoned by a Congress refusing to conduct oversight, require transparency in agency conference spending, or reduce conference spending levels through the appropriations process.

In one recent example, the National Institutes of Health recently awarded a sole-source contract worth more than \$115 million, to the company *Experient*, located in Arlington, Virginia, hiring the company to provide "conference and administrative travel services." This \$115 million will be spent on conferences and travel for NIH employees instead of on the crucial cancer and disease research conducted by NIH scientists.

In another more example, the Social Security Administration spent \$770,000 on a conference in 2009 at the Biltmore Hotel in Phoenix, Arizona. The three-day conference included private dance recitals, paid motivational speakers, and an optional, non-government-funded casino trip.⁶

⁶ David Fredosso, *The Washington Examiner, —Government Conference Spending Gone Wild!* , *August 25, 2009,* http://washingtonexaminer.com/blogs/beltway-confidential/2009/08/government-conference-spending-gone-wild.

In May of 2008, the Federal Financial Management Subcommittee released a report on the Department of Agriculture conference spending.

Among many items, the subcommittee report found the following:

- The Department sent employees to Las Vegas for "7 Habits of Highly Effective People" conferences, to resorts in Australia for conferences on mushrooms and crawdads, and to Disney resorts to discuss competitive intelligence; and
- In 2006, one entity within USDA, the Animal and Plant Health Inspection Service (APHIS) sent 47 people (44 of whom were employees) to 10 conferences in Hawaii at a cost of \$71,412. The conferences took place on the Islands of Maui, Oahu, Honolulu, and Molokai. One was a "Congressional" seminar to educate attendees on the U.S. Congress, though the event location — the Hilton Hawaiian Village Beach Resort and Spa— is 4,500 miles from Congress.⁷

Additionally, according to data submitted to a Senate oversight subcommittee, in just 2006 alone:

- 213 USDA employees attended approximately 94 separate conferences in Las Vegas at a cost of \$254,755;
- 64 USDA employees (and 3 non-employees on USDA's dime) traveled to Hawaii to attend approximately 28 separate conferences for a total cost of \$130,600;
- 270 USDA employees went to approximately 59 separate conferences in Orlando, Florida — home to Disney World — at a cost of \$282,656;
- 112 employees went to 34 conferences in Anchorage, Alaska at a cost of \$227,000;
- 247 employees went to approximately 89 conferences in Phoenix, Arizona at a cost of \$321,000;

⁷ 2008 FFM Subcommittee Report on Department of Agriculture Conference Spending http://coburn.senate.gov/public/index.cfm?a=Files.Serve&File_id=c6ae538f-1708-4c93-8024-4696bc38a9a2

- 141 employees went to approximately 46 conferences in Tucson, Arizona at a cost of \$132,700; and
- 20,959 employees went to 6,719 conferences and training activities across the nation and around the world, at an unknown cost to taxpayers in lost productivity.⁸

<u>Teleconferencing technology is available now, which will lead to</u> <u>reduced conference spending and also help mitigate environmental</u> concerns associated with travel.

Given the tremendous technological advancements the world has made lately with teleconferences, enabling people to interface directly from around the world, it has greatly negated the need for cost prohibitive expenses that comes with conferences.

The strides made in the availability of video and teleconferences, the overhead costs of conferences should be drastically reduced government-wide.

At a minimum, with the advent of these more efficient communication devices, lavish conferences at exotic locations are certainly not necessary and should be prevented in the future.

This amendment will increase accountability and transparency and require all agencies to scale back during this time of budget constraints

Currently, there is no uniform requirement for all federal agencies to provide to the public a full accounting of their conference spending. This amendment would establish a single cross-agency conference spending transparency policy, ensuring all federal agencies are reporting the same data and are fully accountable for conference spending.

⁸ 2008 FFM Subcommittee Report on Department of Agriculture Conference Spending http://coburn.senate.gov/public/index.cfm?a=Files.Serve&File_id=c6ae538f-1708-4c93-8024-4696bc38a9a2

All conference spending data would be posted online, and available for full review every three months. This represents a shift from current practices, which do not require conference spending to be posted online or available for review by the public.

Taxpayers should not be forced to wait two years for an Inspector General report to reveal this kind of gross mismanagement and waste, but instead should have access to all conference spending details online, and in the same year in which they are incurred. Transparency and sunlight in conference spending will provide true accountability ensuring taxpayers can hold Washington bureaucrats and elected official responsible for such mismanagement of their money.

Though GSA remains the most recent example, similarly outrageous wastes of taxpayer funding on conferences have been brought to light for more than two decades, yet, the pattern continues. Congress can no longer ignore its duty of conducting oversight and protecting taxpayers from this type of abuse and mismanagement of their hard-earned money. All agencies would see their conference budgets reduced to 80 percent of the amount spent in 2010, and would be subject to similar limitations on number of conference attendees, international conference attendance, and allowable spending levels for each conference.

This amendment would take the first steps in addressing this ongoing abuse of taxpayer funding by reducing federal conference spending, and placing commonsense limits on conference attendance. Further it would help ensure future abuses do not go unnoticed, by requiring transparency in all government conference spending.

Coburn Amendment #2061: To require retirement-eligible USPS employees to retire.

30 Percent of the USPS Workforce is Eligible to Retire.

The Postal Service reports that 174,000 of its 551,000 workers are currently eligible to retire⁹.

That means that more than 30 percent of the Postal Service's workers are eligible to retire and, therefore, eligible for federal pensions.

This amendment would require the Postal Service to dismiss its workers who are retirement eligible in order to cut costs.

Amendment #2061 Would Establish a Fair Process to Help Transition to a Sustainable Postal Service

Labor costs make up 80 percent of the USPS's costs. 10

The Postal Service is on track to lose more than \$13 billion this year.

According to the Postmaster General, the USPS is on track to be losing \$21 billion per year by 2016 if the Service is not allowed to reform its business model.

The Postal Service has said that it needs to dismiss at least 120,000 workers.

This amendment would ensure that all Postal employees have a chance to work a full career (and earn a full federal pension) before retiring.

⁹ Staff email with the US Postal Service.

¹⁰ http://www.nytimes.com/2011/09/05/business/in-internet-age-postal-service-struggles-to-stay-solvent-and-relevant.html?pagewanted=all.

This Amendment is a Fair Approach to Postal Downsizing

This policy would only apply to those postal employees that are currently eligible to receive a full pension under the Civil Service Retirement System (CSRS) or the Federal Employee Retirement System (FERS).

These workers will have defined benefit pensions—a luxury that a majority of most workers in the private sector do not have.

Retirement-eligible workers are in the best position to be dismissed from the Postal Service than their more junior colleagues who have not yet reached retirement eligibility.

Some Other Federal Agencies Cap How Long an Employee Can Work

Federal Law Enforcement Careers under the Department of Justice—like FBI and DEA special agents—are required to retire after 20 years or at the age of 57.

It is reasonable for the USPS to establish similar mandatory retirement process.

Postal careers are demanding. Postal employees are more prone to injury than other federal workers.

The United States Postal Service (USPS) Office of Inspector General reported in 2010 that USPS alone had more than \$12 billion of the \$30 billion in estimated actuarial Federal Employee Compensation Act (FECA) liabilities.¹¹

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¹¹ http://www.gao.gov/new.items/d12212t.pdf

Retiring Eligible Employees Would Be a Better Approach than the Strategy in S. 1789 (Which is to Buy-Out Potential Retirees)

Dismissing retirement eligible workers is a smarter strategy for downsizing than the buyouts proposed in S. 1789.

S. 1789 would provide buyouts—essentially cash bonuses or years of service credits—to encourage postal employees to decide to retire.

But there is a real risk that these buyouts will go to workers who would already be planning to retire anyway. That is, these buyouts may essentially be retirement gifts to already-retiring workers.

There is also a danger that this would create a new precedent to award years-of-service credits to federal workers.

This is a very costly approach to trying to lower government's costs.

Saving the Postal Service Will Require Sacrifices from Many Stakeholders

Rescuing the Postal Service from its current course on bankruptcy will require many sacrifices.

Many Post Offices will need to close. Many Postal Processing facilities will need to close. Some postal customers may need to pay more for some postal services.

But postal workers too will need to make sacrifices.

Retirement-eligible postal employees—specifically, those that have already qualified for full pensions—are in the best position to make this sacrifice to help the Post Office avoid bankruptcy and get on a path to a sustainable future.